

# /01

## FTX Profile

Jianghao Han

2022.12

# FTX — Fintech unicorn but just a flash in the pan



## ➤ Company Orientation

- FTX was a Cryptocurrency Derivatives Exchange, covered nearly the full range of secondary markets, whose products included crypto, fiat, US stocks, spot, futures, option...
- FTX also had OTC services
- FTX issued FTT (FTX Token), an Ethereum-based token

## ➤ Company Vision

- Built by traders; for traders.
- Provide any products users want to trade

## ➤ Business Overview

- Once the second largest crypto exchange in the world
- Valuation was once as high as \$32 billion
- FTX processed 11% of global derivatives transactions (about \$2.4 trillion monthly)
- FTX issued 1 billion FTT in total; Historical highest price of FTT was \$85.32 (\$1.39 updated on 2022.12.04)



Founder & CEO  
Sam Bankman-Fried  
(SBF)

## Leave Wall Street, Enter Crypto Chaos

- Born in 1992
- Graduated from MIT in 2014
- Jane Street Capital ETF trader (2014.06-2017.09)
- Founded Alameda Research (a quantitative trading firm) in 2017.11
- Founded FTX in 2019.04

**2019.04**  
• FTX founded

**2019.05-07**  
• FTX exchange launched  
• FTT ICO at \$1.73 for 350 million shares

**2020**  
• FTX average one-sided daily trading volume reached \$5 billion

**2022.01**  
• Completed Series C financing  
• FTX Valuation was \$32 billion

**2022.11.02**  
• Coindesk exposes key financial details of Alameda Research

**2022.11.11**  
• FTX bankruptcy

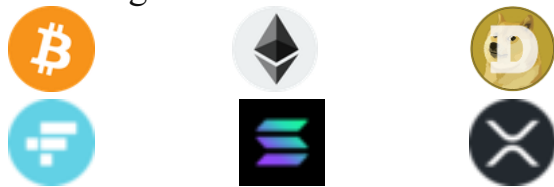


# Focus on cryptos & derivatives; Serve investors & market makers



## Products

- Spot trading for over 300 kinds of cryptocurrencies : BTC, ETH, DOGE, FTT, SOL, XRP...
- Futures
- Options
- MOVE Contract (Volatility products)
- Leveraged tokens



**Request Options Quote**

Underlying: BTC | Option Type: Call Option | Strike Price: USD

Option Expiry: 03/29/2020  
3/29/2020, 11:00:00 AM

Side: Buy | Size: BTC

Limit Price (Optional): USD

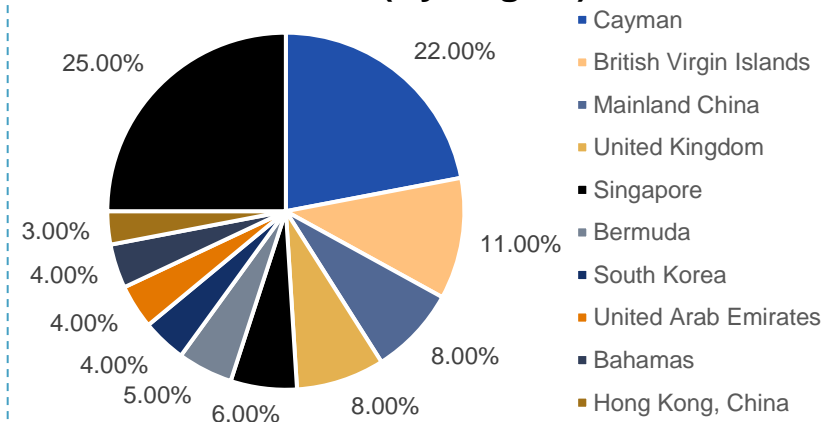
☐ Private OTC Trade

CANCEL REQUEST QUOTE

## Customers

- Investors:
  1. retail investors
  2. Institutional Investors: Sequoia Capital, SoftBank, Temasek, BlackRock ...
- Market makers: Alameda Research, Wintermute, Jump Crypto...

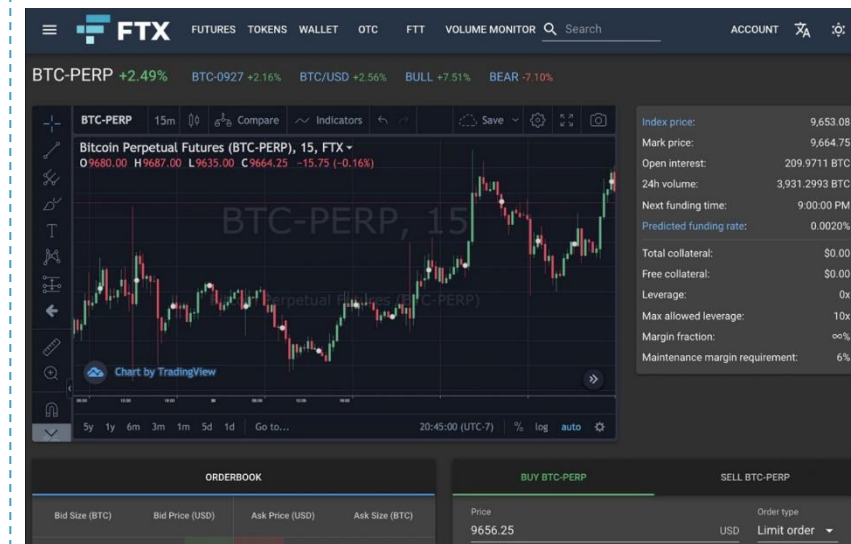
## Users (By Region)



Data source: FTX Attorney James Bromley; Date:2022.11.24

## Services

- Issue/Sell FTT to investors
- Provide a trading platform for investors and market makers



# Revenue synergetic effect: FTX trading fee and FTT

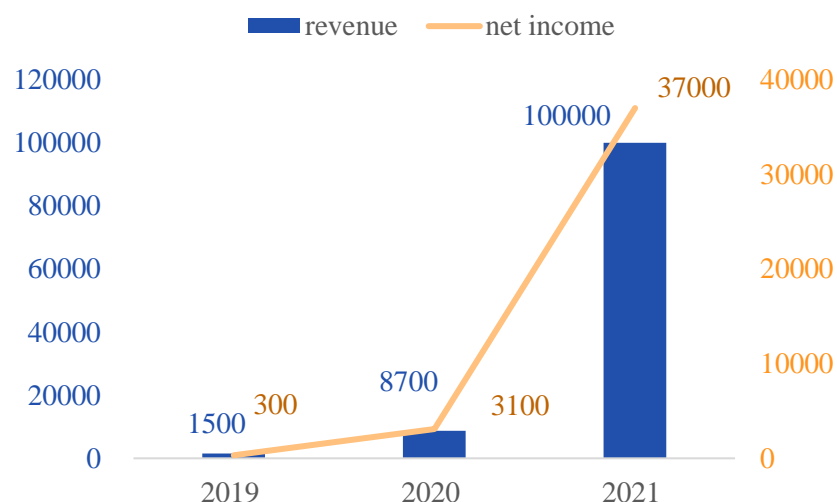
## Revenue

- CNBC: FTX had **revenues of \$1 billion in 2021** and **net income of \$388 million**. — **Most revenue comes from derivatives trading fee.** (82% of 2021 revenue)
- **Revenue from trading/ transaction fee:** Tiered fee structure. **Discount for FTT holders.**
- **Revenue from selling FTT:** ICO and subsequent issues
- **Revenue from holding FTT:** price goes up will bring revenue (FTT 2021 up 560%, from \$5.8 to \$38.3)

## Cost

- **Employee Salary :** FTX has 350 employees worldwide 2022.09—— limited payment.
- **Marketing Cost:** Sponsor sports like Basketball, baseball and tennis (\$150 million in 2021, 15% of revenue) —— **huge expenditure**
- **Acquisition Cost:** acquired Good Luck Games, US exchange LedgerX, Japanese exchange Liquid...—— **major expenditure**
- **FTT Stabilizing Cost:** FTX takes out 33% of transaction fee for regular FTT coin purchasing and coin burning —— **large expenditure**

Revenue (Unit: 10,000 USD)

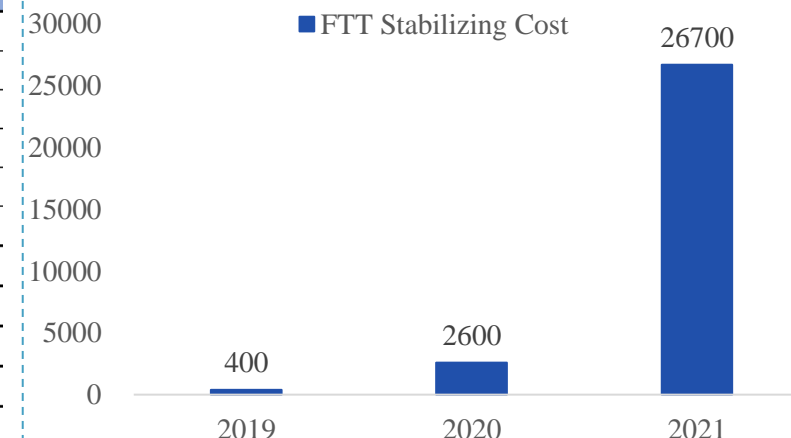


Data source: FORTUNE; Date:2022.11

FTT Holding (USD)	Discount on FTX Fees	Discount on FTX OTC
\$100	3%	N/A
\$1,000	5%	N/A
\$5,000	10%	0.0025%
\$10,000	15%	0.0050%
\$50,000	20%	0.0050%
\$100,000	25%	0.0075%
\$200,000	30%	0.0100%
\$500,000	35%	0.0125%
\$1,000,000	40%	0.0150%
\$2,500,000	50%	0.0200%
\$5,000,000	60%	0.0200%

Data source: FTX Exchange; Date:2022.06

FTT Stabilizing Cost (Unit: 10,000 USD)



Data source: FORTUNE; Date:2022.11